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8 May 1986

ADPP 67-86

MEMORANDUM FOR: Chief, Retirement Affairs Division

FROM:

Assistant Director for Policy and Plans

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SUBJECT: Pending Retirement Legislation

1. The purpose of this memorandum is to share with you our perceptions of the tasks to be performed in implementing the subject legislation when it is enacted. We do this recognizing the close interrelationships in the roles and responsibilities of our respective offices for accomplishing these tasks and the consequent need for a common understanding of objectives and a coordinated approach.

2. The magnitude of the prospective effort is aggravated by the complexities of the legislation, the lack of factual information as to the particulars of certain implementing procedures which we would expect to use as guidance for Agency practices, the nonexistence of currently available knowledgeable personnel outside the Agency with whom to discuss probable provisions of implementing procedures, and the imminence of the prospective effective date.

3. In brief, assuming 1 January 1987 becomes the effective date for current processing of contributions to the Thrift Saving Fund and for the commencement of Agency disbursements of annuities to Agency CSR employees or survivors who become eligible for annuities on or after that date, we must:

a. Develop and submit to Congressional Oversight Committee prior to 31 October 1986 (assuming we will provide the usual thirty day period for comment and we use thirty days (after 30 November) to pass the information on to the employees):

(1) Regulations specifying the procedures (including procedures for inspection and audit by the Director of the Office of Personnel Management with respect to disbursements from the Civil Service Retirement and Disability Fund and by the Executive Director of the Thrift Investment Management System with respect to disbursements from the Thrift Savings Fund) for DCI administration of the Civil Service Retirement and Disability Act and the Thrift Investment Management System for Agency personnel.

(2) Regulations providing for the transition from the Central Intelligence Retirement and Disability System to the Federal Employees' Retirement System.

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b. Develop procedures (presumably, essentially parallel to those currently observed for CIARDS) to notify OF of personnel, survivors, or former spouses who become eligible for annuities under CSR, and subsequently of information affecting those entitlements, e.g., death, cessation of dependency, remarriage, etc.

c. Develop procedures for payments to annuitants, survivors, etc. from the CSR fund. Also determine OPM requirements for data concerning disbursements made from that fund -- possibilities might range from requiring only the aggregate amount of total disbursements each month to number of cases and amount for each of several categories such as regular annuitants, survivors, and former spouses. Also for resolution, the question of whether possible OPM data requirements for periodic actuarial evaluations of the CSR fund with respect either to the currently active work force or the annuitants might be the cause of any security concern.

d. Develop procedures for employee election of (1) contributions to the Thrift Savings Fund, (2) changes therein, (3) exercise of options for directing investment of thrift fund balances held for the employee's account, (4) applying for and repayment of loans, and (5) withdrawal options upon separation. (Presumably these procedures would be essentially identical for CIARDS and CSR personnel.)

e. Amend the payroll process to effect employee and agency contributions to the Thrift Savings Fund. Also, develop procedures for computing the payroll deduction and develop documentation.

f. Develop procedures for maintenance of individual Thrift Savings Fund Accounts. Such procedures would be expected to be essentially parallel to the procedures observed within the Federal Thrift Management System. It would be necessary, however, also to develop an extensive and detailed mechanism for interfacing with the Federal Thrift Management System for the administration of these accounts. Presumably the procedures prescribed by the Executive Director of the Federal Thrift Management System for transmission of contributions to the Thrift Savings Fund would be modified to avoid transmission of any detail relating to the numbers of individual accounts; in lieu thereof contributions would be identified in the aggregate amount of each category relevant to the administration of the Thrift Savings Fund. It would appear necessary for example to separately identify Agency contributions, and employee contributions for each applicable investment option elected by the employee. The Agency would maintain a constantly changing control on the aggregate amounts in each category always supported by the individual thrift accounts. Those control amounts would be subject to change as employees changed investment options, as disbursements would be made against them, and as adjusted by periodic increments of net earnings less administrative expense offsets as allocated by the Federal Thrift Management System (the individual accounts would be adjusted correspondingly). There would also need to be a mechanism for reporting and controlling loans made and collections of interest and principal thereon, including the appropriate follow-up for loan collection.

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g. Develop procedural guidelines for the required inspections/audits by the Director of OPM and the Executive Director of the Thrift Investment Management System with respect to disbursements from the CSR fund and from the Thrift Savings Fund, respectively.

4. We believe it would be advisable to commence work on these tasks immediately, even though the final content of some of the regulations and procedures will be dependent upon regulations to be promulgated by the Executive Director of the Thrift Management System.

5. We assume that your office and OGC will assume responsibility for preparing the initial drafts of the regulations identified in paragraph 3a above. We will of course plan to provide inputs to that process especially for the procedures primarily in the province of OF. The paragraph 3b procedures seem to be principally in your province but we will be glad to coordinate on any questions that may arise. This office will commence work immediately on the procedures identified in 3c, e, and f. above, and will welcome any suggestions you may have relating thereto. There are substantially joint aspects to the procedures identified in 3d and g and we will be glad to work jointly with you in their development.

6. I am certain that the foregoing is incomplete and oversimplifies the tasks ahead. We thought it desirable nevertheless to provide it for discussion as a beginning point. We will welcome your observations.



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